

# Exhibit B

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# ***Client Guide***

# **GMAC RFC**

**Version 1-06-G04**

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## GMAC-RFC

### Reporting Requirements

#### (A) Annual Requirements

Within 90 days after the Client's fiscal year end, it must send the following documents to GMAC-RFC:

- (1) Annual financial statements that include:
  - An independent auditor's opinion on financial statements
  - An independent auditor's report on the Uniform Single Attestation Program (USAP) for mortgage bankers
  - A copy of the 10-K if the Client is required to prepare an annual Form 10-K
- (2) A completed **Freddie Mac** Annual Eligibility Certification Report (Freddie Mac Form 16SF). If the Client is not required to submit Freddie Mac Form 16SF, then the Annual Client Certification (GMAC-RFC **Form 1200**) may be substituted.

#### (B) Other Reporting Requirements

##### (1) Interim Financial Statements; Other Information

The Client shall, upon the reasonable request of GMAC-RFC, provide its quarterly unaudited financial statements, Form 10-Qs, or any other financial information pertaining to the Client.

##### (2) Fidelity and Errors and Omissions Insurance

- The Client must notify GMAC-RFC if it receives notice from its insurer of intent to cancel, not renew, or otherwise modify the Client's coverage. This notification must be sent to GMAC-RFC by registered mail at least 10 days before it becomes effective.
- The Client must report to GMAC-RFC all cases of material theft, embezzlement or fraud and all claims made against the insurer within 10 days after the occurrence.
- If requested by GMAC-RFC, the Client must provide current certificates of insurance outlining its fidelity and errors and omissions insurance.

#### (C) Mailing Address

Submit all information required under **Annual Requirements** and **Other Reporting Requirements** Sections above to:

GMAC-RFC  
One Meridian Crossings  
Suite 100  
Minneapolis, MN 55423  
Attention: Risk Management  
Facsimile: 952-979-2592

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### **(D) Regulation AB Disclosures**

#### **(1) Originator Disclosure**

As requested by GMAC-RFC in its sole discretion, within three (3) business days the Client will provide to GMAC-RFC either (a) the disclosures required under Item 1110(b) of Regulation AB (Originator disclosure) or any successor regulation for inclusion in a prospectus or other disclosure document, or (b) a confirmation that previously provided disclosure does not require updating. "Originator disclosure" required to be provided shall include (A) the Client's form of organization, (B) a description of the Client's origination program and how long the Client has been engaged in originating residential mortgage loans, (C) discussion of the Client's experience in originating residential mortgage loans, (D) information regarding the size and composition of the Client's origination portfolio and (E) the Client's underwriting criteria (or other information material to an analysis of the performance of the mortgage loans, as determined by GMAC-RFC). As requested by GMAC-RFC in its sole discretion, within three (3) business days, the Client shall provide in a specified electronic format the name of the originator of each mortgage loan if originated by an entity other than the Client.

#### **(2) Legal Proceedings for Prospectus Disclosure or Update of Periodic Reports**

As requested by GMAC-RFC in its sole discretion, within three (3) business days of GMAC-RFC's request, the Client will provide to GMAC-RFC (a) a complete written description of any legal proceedings pending against the Client, or of which the Client's property is the subject, that, if adversely determined, could have a material adverse impact on the Client's financial condition or its continuing ability to sell mortgage loans to GMAC-RFC or would affect the enforceability of any mortgage loan (including any similar proceedings known by the Client to be contemplated by governmental authorities) for inclusion in a prospectus or other disclosure document pursuant to Regulation AB or any successor regulation ("Legal Proceedings Description"), certified as to accuracy by an officer of the Client, or (b) a written certification of an officer of the Client stating that the previously provided Legal Proceedings Description does not require updating and continues to be complete and accurate as of such date.

#### **(3) Updates Regarding Legal Proceedings**

If at any time any previously provided Legal Proceedings Description is no longer current or requires updating, or if the Client is the subject of new legal proceedings that would require disclosure under Item 1117 of Regulation AB or any successor regulation, the Client will provide to GMAC-RFC a revised Legal Proceedings Description, certified as to accuracy by an officer of the Client.

#### **(4) Other Information Required under Regulation AB**

The Client will provide to GMAC-RFC such other information, including historical loan performance information, as GMAC-RFC shall reasonably request in order to enable GMAC-RFC to comply with any applicable requirements of Regulation AB or any successor regulation. Such information shall be provided within fifteen (15) days of a request from GMAC-RFC.

#### **(5) Mailing Address for Regulation AB Disclosures**

At the time GMAC-RFC requests any Regulation AB disclosure or information under this Section 206(D), it will provide to the Client the address to which all such disclosure or information should be delivered.



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**A201**

**Specific Representations, Warranties and Covenants Concerning Client**

**(A) Due Organization; Good Standing; Licensing**

Client and, to Client's knowledge, Client's Guarantor, if applicable, is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States or under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and shall continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, qualified, and in good standing in each State where a Mortgaged Property is located if the laws of such State require licensing or qualification in order to conduct business of the type conducted by Client<sup>1</sup>. Client is and will remain in compliance with the laws of any such State, and is and will remain in good standing with federal authorities, to the extent necessary to ensure the enforceability of the related Loan. Client has disclosed the final written reports, actions and/or sanctions of any and all reviews, investigation, examinations, audits, actions and/or sanctions that have been undertaken and/or imposed, within two years prior to the date of the Client Contract, by any federal or State agency or instrumentality with respect to either the lending or related financial operations of Client, or the ability of Client to perform in accordance with the Program Documents terms. Each of the representations and warranties made by Client in its Client Application is true, accurate, and complete, and is deemed to be remade in its entirety, as of the date of the Client Contract, and as of each **Funding Date**.

<sup>1</sup> In addition, if any Loan is secured by mortgaged property located in the State of West Virginia, Client and the originator of the Loan is licensed under the West Virginia Mortgage Loan Act and Client and the originator of the Loan held such license at the time the Loan was originated, unless otherwise exempt from licensing. Client and the originator of the Loan must be licensed under the West Virginia Mortgage Loan Act even if Client and the originator of the Loan makes or offers to make or accepts or offers to accept or purchases or services in a calendar year fewer than the number of de minimus primary or subordinate mortgage Loans specified in the definition of "lender" in W. Va. Code Section 31-17-1.

**(B) Authority**

Client has and will maintain the full corporate, partnership or limited liability company power and authority to execute and deliver the Program Documents and to perform the terms of this Client Guide. The execution, delivery, and performance of the Program Documents and the performance of the terms of this Client Guide by Client, and the consummation of the transactions contemplated, have been duly and validly authorized. The Program Documents and this Client Guide evidence Client's legal valid, binding, and enforceable obligations. All requisite corporate, partnership or limited liability company action has been taken by Client to make the Program Documents and the terms of this Client Guide valid and binding upon Client and enforceable in accordance with their respective terms.

**(C) Ordinary Course of Business**

The consummation of the transactions contemplated by the Program Documents and the Client Guide terms are in Client's ordinary course of business, and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Client, pursuant to the Program Documents and the Client Guide terms are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

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### **(D) No Conflicts**

Neither the execution and delivery of the Program Documents, the acquisition and/or making of the Loans by Client, the sale of the Loans to GMAC-RFC or the transactions contemplated thereby or pursuant to this Client Guide, nor the fulfillment of or compliance with the Program Documents terms and conditions, will conflict with or result in a breach of any of the terms, conditions, or provisions of Client's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which Client is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Client, or any of its property is subject, or impair the ability of GMAC-RFC to realize on any of the Loans, or impair the Value of any of the Loans.

### **(E) Ability to Perform**

Client has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on, Client pursuant to the Program Documents and this Client Guide, and no offset, counterclaim, or defense exists to the full performance by Client of the requirements of Program Documents and this Client Guide.

### **(F) No Litigation Pending**

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened against Client that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties, or assets of Client, or in any material liability on the part of Client, or which would draw into question the validity or enforceability of any of the Program Documents, this Client Guide, or the Loans or of any action taken or to be taken in connection with Client's obligations contemplated in any of the Program Documents or this Client Guide, or which would be likely to impair materially Client's ability to perform under the terms of the Program Documents or this Client Guide.

### **(G) No Consent Required**

No consent, approval, authority, or order of any court or governmental agency or body is required for the execution and performance by Client of, or compliance by Client with, any of the Program Documents or this Client Guide, the sale of any of the Loans, or the consummation of any of the transactions contemplated by any of the Purchase Documents, or, if required, such unconditional approval has been obtained prior to the related **Funding Date**.

### **(H) No Untrue Information**

Neither the Program Documents, the Client Application, this Client Guide, nor any statement, report, or other document furnished or to be furnished by Client pursuant to the Program Documents or this Client Guide, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Client meets GMAC-RFC's Eligibility Standards, and shall take all steps necessary to continue to meet such Eligibility Standards.

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## GMAC-RFC

### **(I) Securities Law**

The Client represents that the Loans are not "securities" under any federal or State securities laws or any rules or regulations thereunder and that the transactions contemplated by this Client Guide do not require registration under, and are not subject to, any federal or State securities laws or any rules or regulations thereunder.

### **(J) No Accrued Liabilities**

Except as may be otherwise disclosed by Client to GMAC-RFC and acknowledged by GMAC-RFC in writing prior to the date of the Client Contract, there are no accrued liabilities of Client, with respect to any of the Loans, or circumstances under which any such accrued liabilities will arise against GMAC-RFC, as successor to Client's interests in and to the Loans, with respect to any action or failure to act by Client occurring on or prior to the **Funding Date**.

### **(K) Origination, Servicing**

Client's origination and servicing of the Loans have been legal, proper, prudent, and customary and have conformed to the highest standards of the residential mortgage origination and servicing business.

### **(L) Compliance With Laws**

Client has complied with, and has not violated any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Client, or the ability of Client to consummate the transactions contemplated by the Program Documents and this Client Guide.

### **(M) Compliance With Program Documents and Client Guide**

Client will comply with all provisions of this Client Guide and the Program Documents, and will promptly notify GMAC-RFC of any occurrence, act, or omission regarding Client, the Loan, the Mortgaged Property or the Mortgagor of which Client has knowledge, which occurrence, act, or omission may materially affect Client, the Loan, the Mortgaged Property, or the Mortgagor.

### **(N) No Defenses Against GMAC-RFC**

The Client has no judgment, court order, claim, counterclaim, defense, right of set-off or similar right against GMAC-RFC.

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**A202**

**Specific Representations, Warranties and Covenants Concerning Individual Loans**

For all Loans, the Client represents, warrants and covenants to GMAC-RFC as follows:

**(A) Loans Are Eligible; Accuracy of Information**

Each of the Loans delivered and sold to GMAC-RFC meets the applicable program terms and criteria set forth in this Client Guide. All information relating to each Loan delivered and sold to GMAC-RFC is true, complete and accurate and there are no omissions of material facts. All data provided by the Client to GMAC-RFC relating to any Loan, whether in electronic format, or otherwise, is true and complete and accurately reflects the information in the related Loan file.

**(B) Compliance With Warranties**

The Client is in compliance with, and has taken all necessary action to ensure that each Loan is in compliance with all representations, warranties and requirements contained in this Client Guide.

**(C) Loan Provisions**

The provisions of the Loan have not been impaired, waived, altered or modified in any respect, unless approved in writing by GMAC-RFC. The issuer of any related PMI Policy and the title insurer have approved the substance of any such waiver, alteration, or modification to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

**(D) Documents**

All **Loan Documents**, **Funding Documents** and **Final Documents** are genuine, have been completed, duly and properly executed, are in recordable form and delivered in the form and manner specified in this Client Guide, and each Loan is the Mortgagor's legal, valid and binding obligation enforceable in accordance with its terms. All originals and copies of such documents and all other documents, materials, and other information required to be submitted to GMAC-RFC have been so submitted, and are complete and accurate. All Loan Documents, Funding Documents, Final Documents and all other documents describing or otherwise relating thereto are in compliance with all applicable local and State laws, regulations and orders.

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### **(E) Ownership; Transfer**

The Client has good title to and is the sole owner of, each Loan delivered and sold to GMAC-RFC. Except for the security interest of a warehouse lender, which security interest Client has disclosed to GMAC-RFC in writing, the assignment of the Loan by the Client validly transfers such Loan to GMAC-RFC free and clear of any pledge, lien or security interest or other encumbrance.

For each Loan registered with **MERS**, the Client represents that (a) if the **Security Instrument** relating to such Loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns and that such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the **Mortgaged Premises** in favor of MERS, solely as nominee for the Client and its successors and assigns; or (b) if the Loan is registered with MERS, and MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS. Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that the Client has confirmed the transfer on MERS to GMAC-RFC.

### **(F) Disbursements; No Payoffs or Future Advancements**

Each Loan has been closed and fully disbursed, except as permitted in the **Escrow Account for Postponed Improvements/Repairs** Section of this Client Guide. There are no payoffs, assumptions or insurance claims pending on any Loan or pertaining to the Mortgaged Premises and the Borrower may not exercise any option under any of the **Loan Documents** to borrow additional funds secured thereby from the Client or any other person or entity without the Noteholder's consent.

Additionally, the Client warrants that the Client has not made arrangements with any Borrower for any payment forbearance or future refinancing with respect to any Loan.

### **(G) No Default**

There is no default, breach, violation or event of acceleration existing under any Note or **Security Instrument** transferred to GMAC-RFC, and no event exists which, with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Client or by any other entity involved in originating or servicing the Loan.

### **(H) No Defenses**

Except as provided in a buydown or subsidy agreement, if any, meeting the requirements set forth in this Client Guide, the Borrower (including any party secondarily liable under the **Loan Documents**) has no right of set-off, defense, counterclaim or right of rescission to any Loan Document.

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### **(I) Compliance with Law**

The sale and transfer of each Loan to GMAC-RFC does not violate any applicable State laws. To the extent that any applicable State law places any restrictions on the transfer of any Loan, the Client has notified GMAC-RFC in writing of that restriction and any related State licensing or registration requirements.

The **Security Instrument** has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest in the **Mortgaged Premises** in favor of the Client and its successors and assigns. If a Loan is registered with **MERS**, and MERS is identified on the Security Instrument as the original mortgagee of record, Client represents that such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns. If the Loan is registered with MERS, and MERS is not the original mortgagee of record, Client represents that an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS and Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that Client has confirmed the transfer on MERS to GMAC-RFC.

Each GMAC-RFC Loan Application (**Fannie Mae 1003/Freddie Mac Form 65**) was taken from the Borrower and processed for each Loan, and each Loan has been originated, closed, and transferred in compliance with all applicable local, State and federal laws and regulations including, but not limited to, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Fair Housing Act, and the National Flood Insurance Act. This warranty is made by the Client with respect to each GMAC-RFC Loan Application taken and processed for each Loan and with respect to each Loan made by the Client or any other entity.

### **(J) Responsible Lending Representations, Warranties and Covenants**

#### **(1) No Discontinued Loans**

No Loan is a "Discontinued Loan". Discontinued Loan means any of the following, regardless of whether the originator is required by law to comply with the law or has grounds to claim preemption from all or part of the law.

##### **(a) HOEPA/Section 32**

A loan considered a "mortgage" under Section 152 of the Home Ownership and Equity Protection Act of 1994, 15 U.S.C. Section 1602 (aa) and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations, and the official staff commentary to those regulations.

##### **(b) Purchase Money Loans with High Points or Fees**

A "purchase money" loan secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. A "purchase money" loan is a loan that is considered a "residential mortgage transaction" under Section 226.2(24) of Title 12 of the Code of Federal Regulations.

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### (c) Home Equity Lines and 1st Lien Lines of Credit That Exceed the HOEPA Triggers

An open-end line of credit secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. "Points and fees" must be calculated in accordance with Section 226.32 of Title 12 of the Code of Regulations and the related commentary promulgated by the Federal Reserve Board. The "APR" is the fully indexed rate or the initial rate, whichever is greater, at the time of consummation. The "total loan amount" is the total credit line available under the terms of the loan, without subtracting any amounts for closing costs.

### (d) State and Local High Cost Loans

A loan considered a "high-cost," covered, "high-risk," "predatory" or any other similar designation under any State or local law in effect at the time of the closing of the loan if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees.

### (e) Certain Georgia Home Loans

A "home loan" under the Georgia Fair Lending Act, Ga. Code Ann. Section 7-6A-1 et. seq. that became effective on October 1, 2002 (the "Act"), if the Commitment was issued on or after February 1, 2003 and the loan was closed on or before March 7, 2003.

### (f) Certain New Jersey Home Loans

A "home loan" under the New Jersey Home Ownership Security Act of 2002 (the "Act"), N.J.S.A. 46:10B-22 et seq. if the loan is:

- A "home loan" if the property is a "**Manufactured Home**";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

### (g) Certain New Mexico Home Loans

A "home loan" under the New Mexico Home loan Protection Act (the "Act"), that was closed on or after February 1, 2004, and on or before February 26, 2004, if the loan is:

- A "home loan" if the property is a "**Manufactured Home**";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.



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### (2) Mandatory Arbitration Clause

A Loan may not include a mandatory arbitration clause. Any arbitration agreement signed by the Borrower prior to the time of a dispute is prohibited.

### (3) Prohibited Terms and Practices on all Loans sold to GMAC-RFC

A Loan may not violate any of the following prohibited terms and practices:

- (a) **Pre-paid insurance products.** No Loan finances single premium credit life, credit disability, credit unemployment, or any other pre-paid life or health insurance, directly or indirectly.
- (b) **Prepayment penalties.** A Loan may not provide for a penalty for paying all or part of the principal before the date on which the principal is due except as set forth in this paragraph and otherwise allowed by applicable federal, State, and local law.
  - The penalty may be enforced for only the first five years following consummation;
  - The penalty does not exceed 6 months of interest on the amount prepaid or 6% of the amount prepaid; and
  - The **Prepayment** penalty does not become due upon default
- (c) **Reporting to credit bureaus.** Client or its **Servicer** must report to a nationally recognized consumer credit reporting agency at least quarterly the favorable and unfavorable payment history information of Borrower on payments due to Client on a Loan for the period during which Client holds or services the Loan. This paragraph shall not prevent Client or its Servicer from not reporting specific payment history information in the event of a resolved or unresolved dispute with Borrower and shall not apply to Loans held or serviced by Client for less than 90 days.
- (d) **Increased interest rate upon default.** A Loan may not provide for an increase in the interest rate after default.

### (K) Title Insurance

A policy of title insurance, in the form and amount required by this Client Guide, is effective as of the day the **Security Instrument** is recorded, is valid and binding, is in conformance with all agency guidelines and remains in full force and effect, unless the **Mortgaged Premises** are located in the State of Iowa and a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority has been provided as described in Title Guaranty Certificate In Iowa below.

### (L) Title Guaranty Certificate In Iowa

As to each Loan secured by Mortgaged Premises located in the State of Iowa, and if an American Land Title Association (**ALTA**) Loan policy of title insurance has not been provided, a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority, in the form and amount required by this Client Guide, duly delivered and effective as of the closing of each such Loan, is valid and binding, and remains in full force and effect.



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### (M) Valid First Liens

Each **Security Instrument** transferred to GMAC-RFC, unless provided for otherwise in a given **Loan Program**, constitutes a valid first lien on the **Mortgaged Premises** subject only to the minor impediments described in the **Title Insurance** Section of this Chapter, and such impediments do not adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises. Each Security Instrument and all related documents (including, without limitation, releases of prior Security Instruments, assumption agreements, assignments, amendments, powers of attorney, and modification, extension and consolidation agreements) that are required to be recorded or filed under applicable law in order to preserve in favor of GMAC-RFC the validity and enforceability of the Security Instrument and the liens created thereby, have been duly recorded in all appropriate recording offices, and all associated recording fees or taxes must be paid.

### (N) No Encroachments By Adjoining Properties; Improvements

No improvements by adjoining properties encroach upon the Mortgaged Premises in any respect so as to affect the Value or marketability of the Mortgaged Premises. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation.

### (O) Survey

All improvements which were considered in determining the appraised Value of the **Mortgaged Premises** lie wholly within its boundaries and the building restriction lines of the Mortgaged Premises, or the policy of title insurance insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey.

### (P) No Liens

There are no delinquent tax or delinquent assessment liens against the Mortgaged Premises, and there are no mechanic's liens or claims for work, labor or material or any other liens affecting the Mortgaged Premises, which are or may be a lien prior to, or equal with, the lien of the **Security Instrument** assigned to GMAC-RFC, except those liens that are insured against by the policy of title insurance or Title Guaranty Certificate issued by the Iowa Title Guaranty Division.

### (Q) No Adverse Circumstances

The Mortgaged Premises are free of damage and in good repair, and no notice of condemnation has been given with respect thereto, and no circumstances exist involving the **Loan Documents**, the **Mortgaged Premises** or the Borrower's credit standing that could: (i) cause private institutional investors to regard the Loan as an unacceptable investment, (ii) cause the Loan to become delinquent, or (iii) adversely affect the Value or marketability of the Mortgaged Premises or the Loan. The Client warrants that it neither has actual knowledge of the presence of, nor reasonable grounds to suspect the presence of, any toxic materials or other environmental hazards on, in or that could affect any of the Mortgaged Premises. The Client warrants compliance with local, State or federal law or regulation designed to protect the health and safety of the occupants of the property.

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### **(R) Casualty Insurance**

The improvements upon the **Mortgaged Premises** are insured against loss by fire and other hazards as required by this Client Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The **Security Instrument** requires the Borrower to maintain such casualty insurance at the Borrower's expense, or on the Borrower's failure to do so, authorizes the holder of the Security Instrument to obtain and maintain such insurance at the Borrower's expense and to seek reimbursement from the Borrower. Each casualty policy is the insurer's valid and binding obligation, is in full force and effect, and will be in full force and effect, to GMAC-RFC's benefit upon the consummation of the transactions contemplated by the Program Documents and this Client Guide. The Loan terms permit the maintenance of an escrow account to pay the Premiums for the above mentioned insurance, and the Client has not waived the requirement of such escrow account unless permitted by GMAC-RFC or required by applicable law.

### **(S) Primary Mortgage Insurance**

If required by this Client Guide, primary mortgage insurance has been obtained, the Premium has been paid, and the mortgage insurance coverage is in full force and effect meeting the requirements of this Client Guide.

### **(T) Underwriting; Appraisal; Appraiser**

The Loan is of investment quality, has been prudently originated and has been underwritten in compliance with all requirements of this Client Guide.

For each Loan for which an appraisal is required or obtained under this Client Guide, the appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in this Client Guide. For each Loan, as of the **Funding Date**, the market Value of the **Mortgaged Premises** is at least equal to the appraised Value stated on the Loan appraisal, or if an **Automated Valuation Model (AVM)** is permitted, the Value on the AVM, except to the extent that the market Value of the Mortgaged Premises is lower than the appraised or AVM Value due to the effect of any toxic materials or other environmental hazards of which neither the appraiser nor the Client has actual knowledge or reasonable grounds to suspect.

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### **(U) Enforceability; Enforcement Provisions**

Each Note and **Security Instrument** constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditors' rights.

Each Security Instrument contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the **Mortgaged Premises**, including: (i) in the case of a Security Instrument designated as a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law; and (iii) otherwise by foreclosure, and there are no homestead or other exemptions or dower, courtesy or other rights or interests available to the Borrower or the Borrower's spouse, survivors or estate or any other person or entity that would, or could, interfere with such right to sell at a trustee's sale or to foreclose. The Security Instrument and any riders to the Security Instrument must be signed by any person with an actual or potential interest in the property. Title holders have an actual interest in the property and must sign the Security Instrument and riders. Non-Borrowing spouses who are not in title may have an actual or potential interest in the property under State law and may be required to sign the Security Instrument and rider in some States in order for the holder of the Security Instrument to obtain, protect and enforce its lien. The Client will obtain the signature of the non-Borrowing spouse on the Security Instrument and riders or other documentation, as allowed by law, if such signature is necessary to protect the interest of the holder of the Security Instrument.

### **(V) Holder-In-Due-Course**

The Client is the owner and holder-in-due-course of each Note and is named as mortgagee/beneficiary or assignee under each **Security Instrument**, and all **Loan Documents** requiring execution have been appropriately executed, witnessed or notarized by the persons whose names appear as signatories and witnesses, or, as appropriate, notaries who constitute the valid and binding legal obligation of the Borrower, enforceable in accordance with their respective terms. Notwithstanding the foregoing, with respect to adjustable-rate mortgage Loans (ARMs), the Client represents and warrants that there are no claims to the Note on the part of any person or defenses of any party to the Note other than those that validly could be raised against a holder-in-due-course.

### **(W) Trustee Designated**

With respect to each **Security Instrument** that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving.

### **(X) No Fees Due Trustee**

Except in connection with a trustee's sale after default by the Borrower, no fees or expenses are payable by the Client or GMAC-RFC to the trustee under any Security Instrument that is a deed of trust.

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### **(Y) Execution of Documents**

All agreements, contracts, assignments, endorsements and issuances of checks or drafts, reports, **Loan Documents** or other papers related to a Loan that are required by this Client Guide to be executed by the Client have been properly executed by an officer on behalf of the Client pursuant to a duly adopted Resolution of Board of Directors.

### **(Z) Leaseholds**

Where permitted by the applicable **Loan Program**, each Mortgaged Premises involving a **Leasehold** estate complies with the applicable Leasehold warranties set forth in this Client Guide.

### **(AA) Condominiums; Planned Unit Developments (PUDs)**

Each **Mortgaged Premises** that is a unit in a condominium or PUD complies with the applicable condominium or PUD warranties set forth in this Client Guide.

### **(BB) Compliance By Others**

When a person or entity: (i) originates a Loan on behalf of a Client, (ii) originates a Loan on its own behalf and sells it to a Client, or (iii) performs any act for a Client which the Client is required to perform under this Client Guide, the Client warrants that such person or entity has complied with all requirements of this Client Guide with respect to all such Loans and acts.

### **(CC) Client Contract Warranties**

The representations and warranties made at the time of the Client's execution of the Client Contract must remain true, correct and complete.

### **(DD) Client and Originators**

Each Jumbo A, Expanded Criteria or Payment Option Loan was originated by (i) a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or State authority, or (ii) a HUD approved non-supervised or correspondent mortgagee.

If the Client sells Loans to GMAC-RFC which are registered with **MERS** or as to which MERS is the mortgagee on the **Security Instrument**, the Client is a member of MERS, in good standing and current in payment of all fees and assessments imposed by MERS.

### **(EE) No Impairment of Insurance**

No action, error, omission, misrepresentation, negligence, fraud or similar occurrence in respect of a Loan has taken place on the part of any person, including, without limitation, the Borrower, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application of any insurance in relation to such Loan that might result in a denial, contesting, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering such Loan.

### **(FF) Temporary Buydowns**

Where permitted by the applicable **Loan Program**, each **Temporary Buydown** Loan delivered to GMAC-RFC was entered into pursuant to a buydown agreement which complies with the **Temporary Buydowns** Section in **Chapter 3C**, Financing, of this Client Guide.

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### **(GG) Primary Mortgage Insurance Cancellation**

The Client has disclosed in writing to the Borrower the terms and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure has been retained in the Loan file as a permanent record.

### **(HH) No Deficiency In Escrow Deposits or Payments**

The Loan has been serviced by the Client and any predecessor Servicer in accordance with the terms of the mortgage Note and all applicable law. With respect to escrow deposits and escrow payments, if any, all such payments are in the possession of, or under the control of, the Client, and there exists no deficiency in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits, escrow payments or other charges or payments due the Client have been capitalized under any mortgage or related mortgage Note.

### **(II) Loan Securitization**

The Client recognizes that it is GMAC-RFC's intent to securitize some or all of the Loans sold to GMAC-RFC by the Client. The Client agrees to provide GMAC-RFC with all such information concerning the Client generally and, if applicable, the Client's servicing experience, as may be reasonably requested by GMAC-RFC for inclusion in a prospectus or private placement memorandum published in connection with such securitization.

In addition, the Client will cooperate in a similar manner with GMAC-RFC in connection with any whole Loan sale or other disposition of any Loan sold to GMAC-RFC by the Client. The Client agrees to indemnify and hold GMAC-RFC harmless from and against any loss, damage, penalty, fine, forfeiture, court cost, reasonable attorneys' fees, judgment, cost, fee, expense or liability incurred by GMAC-RFC as a result of any material misstatement in or omission from any information provided by the Client to GMAC-RFC; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or grounded upon, or resulting from such misstatement or omission or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon such misstatement or omission.

The Client further agrees to cooperate fully with GMAC-RFC, rating agencies, attorneys, bond insurers, purchasers of Loans or any other parties that may be involved in the sale or securitization of any Loan, including, without limitation, all cooperation as may be necessary in order to accommodate due diligence activity.

### **(JJ) Non-Solicitation**

The Client has not solicited or provided information to another party for the purpose of soliciting, and covenants and agrees that it will not solicit or provide information to another party for the purpose of soliciting, the refinance of any Loan. The term "solicit" as used herein shall mean a direct request or offer to refinance a servicing released Loan, and shall not include general solicitations, advertisements or promotions directed to the public at large.

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### **(KK) No Fraud or Misrepresentation**

No fraud or misrepresentation by the Borrower or by the Client, broker, correspondent, appraiser or any independent contractor retained by the Client, broker, correspondent, appraiser or any employee of any of the foregoing occurred with respect to or in connection with the origination or underwriting of any Loan and all information and documents provided to GMAC-RFC in connection with the Loan are complete and accurate.

### **(LL) Exclusionary List**

No party involved in the origination of a Loan (e.g., originator, broker, title company, appraiser, etc.) was on the **Exclusionary List** on the date the Loan was originated as determined by the date of the promissory Note for that particular Loan.

### **(MM) Early Payment Default**

Neither Client, nor any third party acting on behalf of Client, has made or will make a scheduled payment on a Loan during the 90-day period where the Loan is subject to repurchase for **Early Payment Default**.

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### **Additional Client Representations, Warranties and Covenants for the Home Equity Program**

The Home Equity Program adheres to the Client representations, warranties and covenants stated below as well as the representations, warranties and covenants contained in this Client Guide.

Unless the Home Equity Loan is a valid first lien on the **Mortgaged Premises**, the following representation and warranty applies:

#### **Valid Second Lien**

Each **Security Instrument** transferred to GMAC-RFC constitutes a valid lien on the Mortgaged Premises which is subordinated only to a lien of the holder of a first mortgage Loan, and is subject only to the minor impediments described in the **Title Insurance** Section of this Chapter. No such impediment shall adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises.

The following additional representations and warranties are made by the Client to GMAC-RFC as of the **Purchase Date** of each Home Equity Loan:

### **(A) Licensing**

The Client and any agents or correspondents originating for the Client have obtained all licenses and approvals required with respect to the origination of the Home Equity Loans, including, to the extent applicable, licenses and approvals required for small Loans or small advances and licenses and approvals required to charge the maximum interest rate allowable under State law.

### **(B) No Contractor or Dealer Loans**

No home improvement contractor or dealer was involved as a third party originator of a Home Equity Loan or received compensation in any form from the Client.

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### Events of Default

Any one or more of the following events constitute an **Event of Default**:

- (1) The Client has not complied with one or more of the requirements (including any requirement outlined in Chapter 2, Client Eligibility) terms or conditions outlined in this Client Guide or one of the disqualification, suspension or inactivation events set forth in the **Disqualification Suspension or Inactivation** Section has occurred or occurs.
- (2) The Client has breached any agreement outlined or incorporated by reference in the Client Contract or any other agreement between the Client and GMAC-RFC.
- (3) The Client breaches any of the representations, warranties or covenants set forth in this Client Guide, fails to perform its obligations under this Client Guide or the Program Documents, makes one or more misleading representations, warranties or covenants to GMAC-RFC, or has failed to provide GMAC-RFC with information in a timely manner, including information required under Regulation AB or any successor regulation, that is true, complete and accurate.
- (4) The Borrower or any other person or entity involved in the Loan transaction or in its underwriting or documentation (including any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction, whether or not the Client was a party to or had knowledge of such misrepresentation or incorrect information.
- (5) Occurrence of an Event of **Servicer** Default with respect to any Loans serviced by the Client.
- (6) Termination of servicing for cause is a basis for the Client's immediate disqualification or suspension. Action taken by GMAC-RFC to terminate servicing may be merged with an action to disqualify, suspend or inactivate the Client.



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- (17) The Client or **Servicer's** failure to maintain a qualified Loan origination, servicing and quality control staff, an acceptable ongoing quality control program, adequate facilities and written policies and procedures to ensure:
- The investment quality of Loans sold to GMAC-RFC
  - The adequacy of the servicing of Loans purchased by GMAC-RFC **OR**
- (18) The failure of the Client or the **Servicer** to meet any test as may be prescribed for eligibility,
- (19) The determination by GMAC-RFC that a Client has not delivered an adequate volume of Loans to GMAC-RFC.

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#### Indemnification

The Client shall indemnify GMAC-RFC from all losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, and any other costs, fees and expenses resulting from any **Event of Default**. This includes, without limitation, liabilities arising from (i) any act or failure to act, (ii) any breach of warranty, obligation or representation contained in the Client Contract, (iii) any claim, demand, defense or assertion against or involving GMAC-RFC based on or resulting from such breach, (iv) any breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon any warranty, obligation or representation made by the Client contained in the Client Contract and (v) any untrue statement of a material fact, omission to state a material fact, or false or misleading information provided by the Client in information required under Regulation AB or any successor regulation.

In addition, Client shall indemnify GMAC-RFC against any and all losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including court costs and reasonable attorneys' fees) incurred by GMAC-RFC in connection with any litigation or governmental proceeding that alleges any violation of local, State or federal law by Client, or any of its agents, or any originator or broker in connection with the origination or servicing of a Loan. With regard to legal fees or other expenses incurred by or on behalf of GMAC-RFC in connection with any such litigation or governmental proceeding, Client shall reimburse GMAC-RFC for such fees and expenses. Reimbursement shall be made directly to GMAC-RFC within ten days of receipt of a request for payment, which request shall include copies of the relevant invoices. Except for notices for reimbursement, GMAC-RFC is not required to give Client notice of any litigation or governmental proceeding that may trigger indemnification obligations. Client shall instruct its officers, directors and agents (including legal counsel) to cooperate with GMAC-RFC in connection with the defense of any litigation or governmental proceeding involving a Loan. GMAC-RFC has the right to control any litigation or governmental proceeding related to a Loan, including but not limited to choosing defense counsel and making settlement decisions.

The Client also shall indemnify GMAC-RFC and hold it harmless against all court costs, attorney's fees and any other costs, fees and expenses incurred by GMAC-RFC in enforcing the Client Contract. The obligations of the Client under this Section shall survive the **Delivery Date**, the **Funding Date** (and each **Substitution Date**, if applicable) and the termination of the Client Contract and the disqualification, suspension or inactivation of the Client.